

THE OSHAWA WHOLESALE LIMITED

ANNUAL REPORT

FOR THE FISCAL YEAR ENDED JANUARY 28, 1967



OSHAWA

"Serving People"

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DIRECTORS

Thomas H. Baker	Leonard J. Wolfe
Murray C. Goldman	Maurice Wolfe
Albert Shifrin, Q.C.	Max Wolfe
Harvey S. Wolfe	Ray D. Wolfe
Jack B. Wolfe	

CORPORATE MANAGEMENT

Ray D. Wolfe, President
Maurice Wolfe, Vice-President
Max Wolfe, Vice-President
Leonard J. Wolfe,
Executive Vice-President and Secretary
Murray C. Goldman, Treasurer

Verdun T. Barber,
Vice-President, Merchandising
Robert Basist,
Vice-President, Projects
Norman J. Pentecost,
Vice-President, Personnel
P. Alex Ramey,
Vice-President, Retail Operations
Harvey S. Wolfe,
Vice-President, Real Estate and Corporate Development
E. Leonard Besler, C.A.
Comptroller
Paul Manovitz,
Administrative Assistant
Dr. John F. Brown,
Executive Assistant
G. Frank Perkin,
Executive Assistant

Jack B. Wolfe,
President, The Ontario Produce Company Limited
Dominion Mushroom Company Limited
James R. Langs,
President, Langs Foods Limited
London Frozen Foods Limited
Ronald J. Melhado,
President, Rite-Way Department Stores Limited
Praise Investments Limited
Robin H. Phillips, Managing Director,
Coin-A-Matic Laundry Equipment Limited

REGISTRAR AND TRANSFER AGENT

The Canada Trust Company, Toronto and Montreal

AUDITORS

Wm. Eisenberg and Company, Toronto

BANKERS

Canadian Imperial Bank of Commerce
Toronto-Dominion Bank
Bank of Montreal

LISTED ON

Toronto Stock Exchange
Montreal Stock Exchange

HEAD OFFICE

125 The Queensway, Toronto 18, Canada

A YEAR OF COMPANY GROWTH

	January 28 1967	January 22 1966	% Increase
Sales	\$180,312,823	\$138,288,835	30.39
Net Profit	3,002,067	2,158,651	39.07
Net Profit Per Share*	1.21	.89	35.96
Return On Shareholders' Equity	27.5%	28.4%	—
Dividends Paid	489,579	426,251	14.86
Dividends Paid Per Share .	20¢	18¢	11.11
Working Capital	7,942,049	2,028,204	291.58

Number Of Stores At Year End

IGA	162	166
Food City	14	12
Rite-Way Department Stores	6	5

*Combined Class A and Common



COVER PHOTOS

Oshawa — serving people in many ways, in many areas. 1. In IGA Food Markets where values are matched by courtesy and service; 2. In the home where Langs Foods Limited keeps home freezers stocked with choice frozen foods; 3. In Food City Markets where savings are the keynote; 4. In Rite-Way Department Stores where quality merchandise is sold at discount prices — every day; 5. In Caribbean hotels where Oshawa supplies frozen juice concentrates; and 6. In the United Kingdom where Oshawa sells and services coin laundry equipment.

PRESIDENT'S REPORT

To the Shareholders:

1966 was another excellent year for The Oshawa Wholesale Limited with new records established in both sales and profits.

It was a year of challenge, expansion and progress.

Although by no means unique in Canada's inflationary economy, price rises in foods sparked a sharp public reaction and emphasized the responsibility of food distributors to minimize price increases through a vigorous harnessing of costs. All of Oshawa's facilities and staff are dedicated to the fulfillment of this responsibility. Steadily growing acceptance of IGA and Food City values are reflected in the better than 30 per cent increase in sales attained over the previous year.

To keep pace with the rising volume, the completion of the Malton Distribution Centre and major extensions to the Queensway Depot more than doubled plant facilities.

In addition, the private placement of \$8,000,000. in 5½ per cent Subordinated Convertible Sinking Fund Debentures, maturing in 1986, will provide the necessary funds to carry out the Company's development and expansion plans for the coming year.

Excluding subsidiary companies, Oshawa's staff is increasing at the rate of about 300 persons per year. This growth provides numerous opportunities for promotion and advancement for existing personnel as well as many openings for newcomers.

Through intensive internal training and the acquisition of many top-calibre recruits from industry at large, Oshawa's management team at all levels has more than kept pace with present needs and future opportunities.

Dealers, suppliers and staff, each in their own way yet jointly, have been responsible for Oshawa's record, and it is a privilege to record our appreciation for their continued loyalty and co-operation.

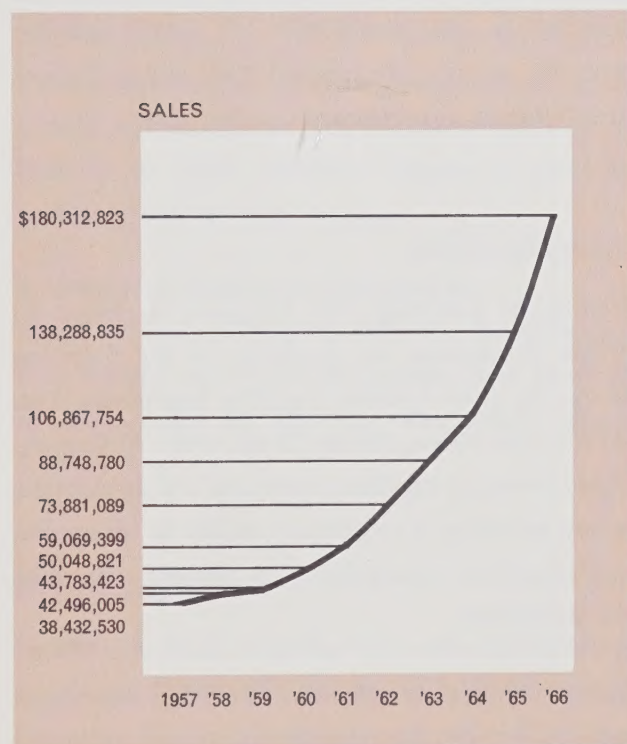
On behalf of the Board of Directors,
Toronto, April 3, 1967.

RAY D. WOLFE,
President.

YEAR IN REVIEW

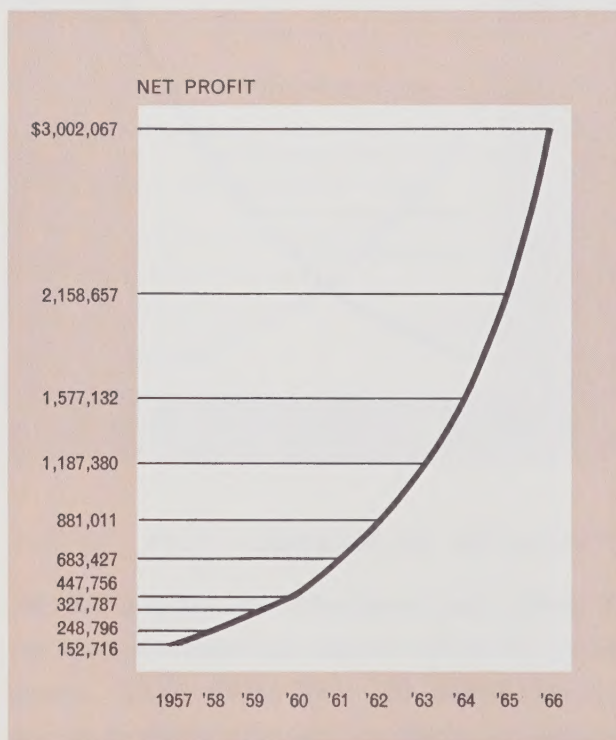
SALES—INCREASE 30.39%

Consolidated sales were \$180,312,823. This exceeded the previous record high of \$138,233,835 by 30.39 per cent, although it should be noted that the year under review contained 53 weeks as compared to 52 weeks in the year ended January 22nd, 1966.

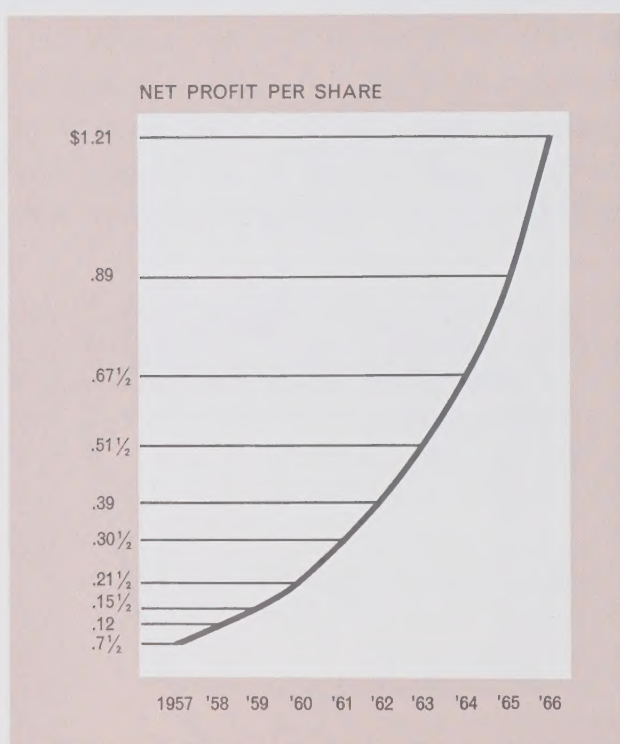


PROFIT—UP 39.07%

Consolidated net profit of \$3,002,067. was \$843,416. (39.07 per cent) over the previous year's earnings of \$2,158,651., the largest increase in the Company's history. Profit per share was \$1.21 on 2,480,812 combined Class "A" and Common, compared with \$.89 on 2,429,142 shares last year. Profit



as a per cent of sales was 1.66 per cent, up from 1.56 per cent a year ago — and return on shareholders' equity was 27.5 per cent.



DIVIDENDS INCREASED

Dividends were increased from 18¢ to 20¢ per share. A further 6¢ per share increase was announced March 10, 1967. This is the seventh increase since 1960 and will bring dividends for the

current year to 26¢. The first distribution of quarterly dividends for 1967 was made April 5 to shareholders of record March 17.

WORKING CAPITAL

Working capital at January 28, 1967 was \$7,942,049 (1966 — \$2,028,204). After expenditures of \$6,270,011 for land, buildings, and equipment, the increase in working capital of \$5,913,845 over last year reflects the contribution of profits and the proceeds of the Subordinated Convertible Debentures referred to previously.

SUBSIDIARIES

During the past year, the Company exercised an option to increase its ownership in the Common Shares of Coin-A-Matic Laundry Equipment Ltd. (U.K.) from 50 per cent to 75 per cent and Coin-A-Matic became a subsidiary company. Coin-A-Matic is now providing a satisfactory return on investment and continued contributions to Oshawa's earnings are anticipated.

Three additional subsidiaries included in this report are:

1. The Oshawa Properties Limited—

a real estate company which has a 50 per cent interest in the Don Valley Village Shopping Centre, Willowdale, and wholly owns Bay Ridges Shopping Centre in Pickering Township. Both centres contain major IGA outlets and are managed by The Oshawa Properties Limited.

2. Oshawa Trading Limited—

installs juice dispensers in clubs, hotels, restaurants and institutions throughout the Caribbean area and distributes frozen concentrate through strategically located agencies. The Company's dispenser program is now well-established and has been highly beneficial to its users. Oshawa Trading is operating profitably and growing steadily.

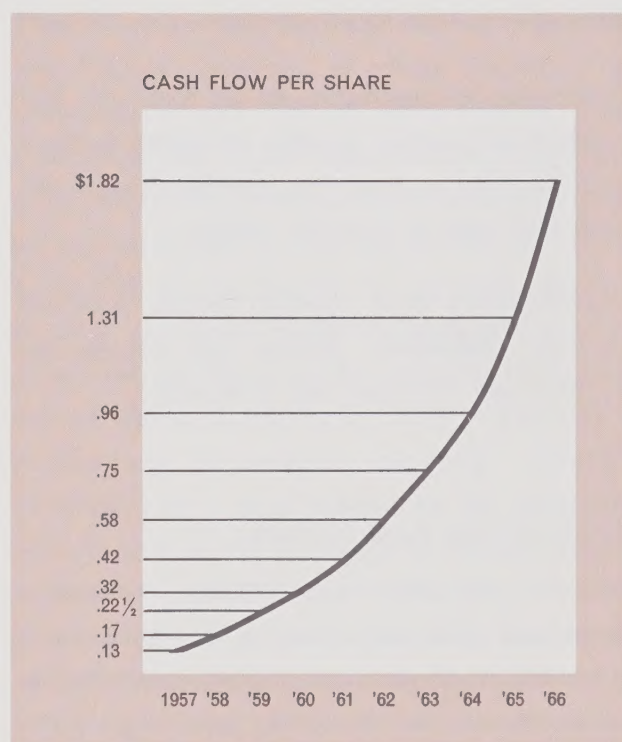
3. Praise Investments Limited—

owns land and buildings in Belleville, Peterborough, and Welland and leases department store premises in these cities to Rite-Way Department Stores Limited.

INVESTMENTS

Principally, these comprise Oshawa's shareholdings in Allied Towers Merchants Ltd. and Marchan Company Limited (holding company for IGA Can-

ada Limited). Both companies are operating profitably and Oshawa anticipates they will enjoy continued growth.



RETAIL EXPANSION

Seven new IGA outlets were opened during the year, replacing 11 small units which were either sold or closed. Eight existing IGA units were doubled in size and seven completely renovated. Oshawa

presently serves 162 IGA markets. Two Food City markets were opened in Toronto, bringing to 14 the number operated by the Company. A second Rite-Way Department Store in Toronto was also opened, the sixth unit in the Rite-Way chain.

Presently under construction are six IGA units, four of which will replace existing out-grown markets, three Rite-Way — Food City combinations and two Food City units in shopping centres.

The Company's retail expansion program for 1968 has been substantially finalized and arrangements for 1969 and 1970 are well underway.

OPERATING FACILITIES

With the completion of the Malton Distribution Centre and major extensions to the produce and frozen food warehouses and the buying and administration offices at the Queensway, most of the inefficiencies of "beyond capacity" operation have been removed. Substantial improvements in services to both franchise and Company-operated stores have now been effected.

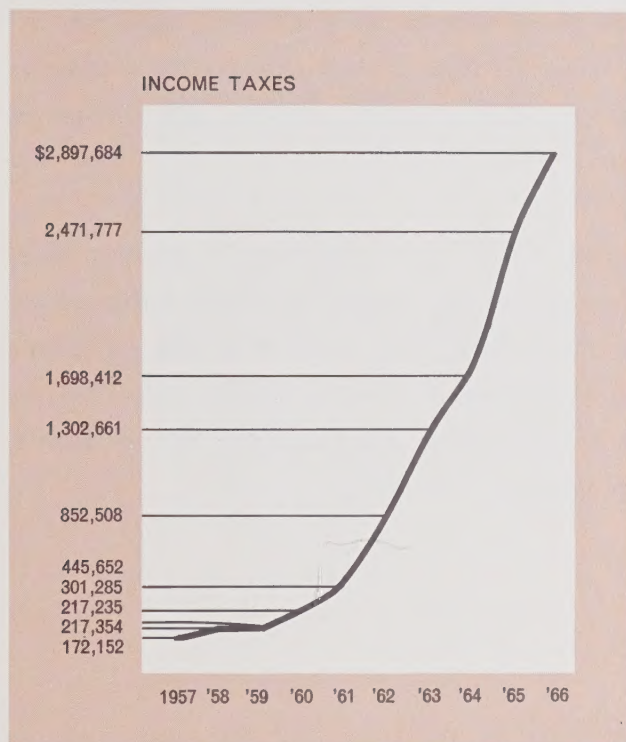
Equally important has been the successful conversion of the Data Processing Department from the

Ramac 1401 to the IBM System/360, Model 30. Although Oshawa presently has more than 200 programs in operation, the extra capacity afforded by the 360 will ensure an early start on many additional important applications heretofore impossible because of equipment limitations.

In April, 1967, Oshawa completed the installation of the most modern egg grading and packing facilities known to the egg industry. Custom-designed by the FMC Corporation of Riverside, California, this installation incorporates the latest techniques in "man-free" handling and electronically screens eggs for all defects — even those invisible to the naked eye.

The installation is capable of handling an annual volume of seven million dozen eggs and will ensure IGA and Food City customers of the highest possible quality on a consistent basis.

The 18,000 square-foot extension to Langs Foods Limited's Queen Elizabeth plant referred to in last year's report has been completed and is now fully operative. The London Frozen Foods Limited plant is nearing completion and is expected to open for business by June 1967.



COMMUNITY SERVICE

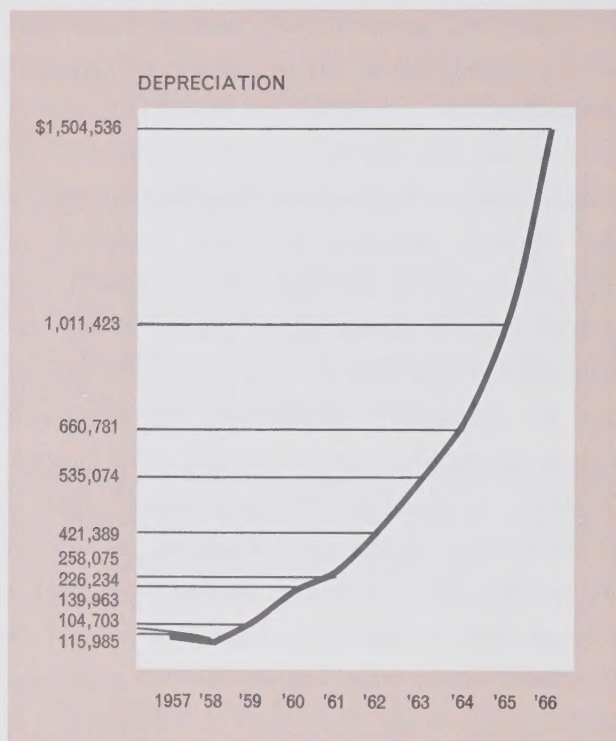
Oshawa believes that good citizenship and good business are synonymous and the involvement of Oshawa and its dealers in every major facet of community life has been a prime objective.

Today, IGA dealers serve as mayors, reeves, councillors and school trustees. They are also active

as leaders and governors of numerous health and welfare organizations, service clubs and religious institutions.

Oshawa believes, too, that understanding of business and business problems is vitally important in attracting university and high school students to the commercial field. In this regard, Oshawa co-operates fully with all who share this objective and is pleased that its headquarters' organization has become a subject of growing interest for university business faculties. In recent months the graduating class in Commerce and Finance at the University of Toronto studied Oshawa's distribution facilities and held a seminar with its marketing executives. Oshawa's President was a guest lecturer to the graduating M.B.A. class of the University of Toronto School of Business. An address by the Vice-President, Merchandising to a recent food-trade convention was adopted as a subject for study by the University of Waterloo Centre of Continued Studies in Marketing, and the Director of Public Relations was a guest lecturer at Centennial College's class in Public Relations.

In addition, Oshawa executives are regular program participants in trade conventions and business meetings both in Canada and the United States.



EMPLOYEE BENEFITS AND SECURITY

To its Temporary Disability Program, which pays 80 to 100 per cent of salary for up to thirteen weeks,

the Company has recently added a Long-Term Disability Plan which guarantees disabled employees 60 per cent of salary, tax-free, until the age of sixty-five.

When linked with comprehensive major medical benefits, hospital insurance, pensions, and group life insurance, this latest addition to the Company's employee benefit program assures Oshawa's personnel of lifetime family security and the accompanying peace of mind.

OSHAWA LOOKS AHEAD

The market for superior values is ever-expanding and Oshawa, in its varied fields of endeavour remains optimistic that it will be able to translate present opportunities into continued growth in sales and profit.

The Oshawa Wholesale Limited and Subsidiary Companies

FINANCIAL FOLIO

FOR THE YEAR ENDED JANUARY 28, 1967

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of The Oshawa Wholesale Limited and its subsidiary companies as at January 28, 1967, and the consolidated statements of profit and loss, retained earnings and source and use of funds for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and consolidated statements of profit and loss, retained earnings and source and use of funds, present fairly the financial position of The Oshawa Wholesale Limited and its subsidiary companies as at January 28, 1967, and the results of their operations for the year ended on that date in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, with the exception of the change referred to in Note 6 to the financial statements with which change we concur.

Toronto, Ontario,
March 6, 1967.

WM. EISENBERG & CO.
Chartered Accountants.

The Oshawa Wholesale Limited and Subsidiary Companies **CONSOLIDATED BALANCE SHEET**

Incorporated under the Laws of the Province of Ontario

ASSETS

	January 28, 1967	January 22, 1966
CURRENT ASSETS		
Cash	\$ 164,302	\$ 123,775
Marketable securities — cost (market value \$6,549,584) ..	6,560,809	698,235
Accounts and loans receivable (Note 2)	6,311,586	4,426,843
Loan to Owl Realty Limited	1,194,631	1,639,139
Inventories — lower of cost or market	6,634,323	5,609,707
Prepaid expenses	217,956	234,208
	<u>21,083,607</u>	<u>12,731,907</u>
DEFERRED ASSETS		
Federal refundable tax	150,065	—
Dealers' and other loans receivable (Note 2)	1,606,224	1,662,623
Cash surrender value of life insurance	72,897	62,925
	<u>1,829,186</u>	<u>1,725,548</u>
INVESTMENTS		
Shares in Owl Realty Limited — cost	173,000	173,000
Other investments — cost	466,515	318,756
	<u>639,515</u>	<u>491,756</u>
FIXED ASSETS		
Land — cost	2,143,059	1,598,470
Buildings — cost	6,655,700	4,291,110
Fixtures and equipment — cost	8,769,225	6,372,054
Automotive equipment — cost	1,210,875	793,378
Leaseholds — cost	1,343,680	959,867
	<u>20,122,539</u>	<u>14,014,879</u>
Less: Accumulated depreciation	4,894,487	3,552,302
	<u>15,228,052</u>	<u>10,462,577</u>
EXCESS OF CARRYING VALUE OF SHARES IN SUBSIDIARY OVER NET BOOK VALUE OF ASSETS ACQUIRED	<u>111,001</u>	<u>—</u>
	<u><u>\$38,891,361</u></u>	<u><u>\$25,411,788</u></u>

The accompanying notes are an integral part of the Consolidated Financial Statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF CONSOLIDATION

The consolidated financial statements include the annual accounts of The Oshawa Wholesale Limited and all of its subsidiary companies.

The consolidated statements of profit and loss and retained earnings include the operating results of Coin-A-Matic Laundry Equipment Limited for the period April 24th, 1966, to January 28th, 1967, and the operating results of all other subsidiaries for the full fiscal year ended January 28th, 1967.

2. BANK INDEBTEDNESS

The bank loans are secured by a general assignment of book debts and, in the case of a subsidiary, by a chattel mortgage.

3. DEBENTURES

On November 15th, 1966, the Company issued \$8,000,-

000.00 of 5½ per cent Subordinated Convertible Sinking Fund Debentures due November 15th, 1986.

Annual Sinking Fund Payments of \$500,000 commence November 15th, 1977.

The Debentures are convertible into The Oshawa Wholesale Limited Class "A" Shares as follows:

November 15th, 1966, to November 15th, 1976 at \$28.00 per Share
November 16th, 1976, to November 15th, 1981 at \$31.00 per Share
November 16th, 1981, to November 15th, 1986 at \$34.00 per Share

4. CAPITAL STOCK

During the year, 51,670 Class "A" Shares were issued for cash amounting to \$575,544.

The Oshawa Wholesale Limited and Subsidiary Companies *Eight*

Year Ended	Sales		Profit Before Depreciation, Income Taxes and Minority Interest	Depreciation	Income Taxes	Net Profit
Jan. 28, 1967	\$180,312,823	(Increase) 30.39%	\$7,468,623	\$1,504,536	\$2,897,684	\$3,002,067
Jan. 22, 1966	138,288,835	29.40%	5,690,514	1,011,423	2,471,777	2,158,651
Jan. 23, 1965	106,867,754	20.41%	3,936,325	660,781	1,698,412	1,577,132
Jan. 25, 1964	88,748,780	20.12%	3,025,115	535,074	1,302,661	1,187,380
Jan. 26, 1963	73,881,089	25.07%	2,154,908	421,389	852,508	881,011
Jan. 27, 1962	59,069,399	18.02%	1,387,154	258,075	445,652	683,427
Jan. 28, 1961	50,048,821	14.30%	975,275	226,234	301,285	447,756
Jan. 23, 1960	43,783,423	3.03%	684,985	139,963	217,235	327,787

Year Ended	Total Shares Outstanding*	Shareholders' Equity	Shareholders' Equity Per Share*	Percentage Return on Shareholders' Equity	High — Low Stock Price
Jan. 28, 1967	2,480,812	\$14,019,819	\$5.65	27.5	\$30 ³ / ₈ — 21 ¹ / ₂
Jan. 22, 1966	2,429,142	10,931,787	4.50	28.4	30 — 17
Jan. 23, 1965	2,333,592	7,608,887	3.26	25.9	18 ¹ / ₄ — 10
Jan. 25, 1964	2,302,792	6,096,704	2.65	22.6	11 — 7
Jan. 26, 1963	2,249,592	5,259,693	2.34	19.5	8 ³ / ₄ — 4
Jan. 27, 1962	2,232,792	4,513,172	2.02	18.4	8 ³ / ₈ — 2
Jan. 28, 1961	2,091,852	3,712,067	1.78	13.3	2 ¹ / ₈ — 1
Jan. 23, 1960	2,081,552	3,355,250	1.61	10.7	2 ¹ / ₈ — 1

* Combined Class 'A' and Common.

Figures for previous years have been adjusted for the two-for-one stock splits of June 9, 1964 and October 21,

† The Cash Flow figures for previous years have been re-stated to include deferred income taxes.

LIABILITIES

CURRENT LIABILITIES

	January 28, 1967	January 22, 1966
Bank overdrafts	\$ 177,715	\$ 890,472
Accounts payable and accrued liabilities	11,263,656	7,482,156
Income taxes payable	818,249	1,395,962
Loans payable — due within one year	881,938	935,113
	<u>13,141,558</u>	<u>10,703,703</u>

DEFERRED LIABILITIES

Bank loans payable (Note 2)	883,338	1,121,755
Notes and mortgages payable	<u>3,249,527</u>	<u>3,117,073</u>
	4,132,865	4,238,828
Less: Payments due within one year	881,938	935,113
	<u>3,250,927</u>	<u>3,303,715</u>

5½% SUBORDINATED CONVERTIBLE SINKING FUND DEBENTURES (Note 3)

8,000,000 —

ACCUMULATED TAX REDUCTIONS APPLICABLE TO FUTURE YEARS

209,273 274,216

MINORITY INTEREST IN SUBSIDIARIES

269,784 198,367

TOTAL LIABILITIES 24,871,542 14,480,001

SHAREHOLDERS' EQUITY

CAPITAL STOCK (Note 4)

Authorized — 4,100,000 Class "A" non-voting shares, no par value, 556,000 Common Shares, no par value

	January 28, 1967	January 22, 1966		
Issued — Class "A" Shares	2,295,124	2,243,454	5,177,603	4,602,059
Common Shares	185,688	185,688	95,140	95,140
			<u>5,272,743</u>	<u>4,697,199</u>

RETAINED EARNINGS 8,747,076 6,234,588

TOTAL SHAREHOLDERS' EQUITY 14,019,819 10,931,787

\$38,891,361 \$25,411,788

Approved on Behalf of the Board: **RAY D. WOLFE, Director.**

LEONARD WOLFE, Director.

STATEMENTS AS AT JANUARY 28, 1967

The Company has reserved 116,600 Class "A" Shares for issue under the executive stock option plans. As at January 28th, 1967, options for 98,100 Shares were outstanding which become exercisable over the next five years at prices ranging from \$8.25 to \$26.55 per Share.

285,715 Class "A" Shares have been reserved for conversion of the 5½ per cent Subordinated Convertible Sinking Fund Debentures.

5. COMPARATIVE FIGURES

The comparative figures for 1966 on the consolidated statement of profit and loss have been restated to conform with the 1967 presentation.

6. DEPRECIATION

The Company changed its method of calculating depreciation in certain of its divisions during the year from the diminishing balance to the straight-line method. All

divisions of the Company now calculate depreciation on the straight-line method in order to more realistically reflect operating results. If the diminishing balance method used in previous years had been followed, the Company's net profit for the year would have been reduced by \$86,763.

7. LEASES

The minimum annual rentals (exclusive of taxes, insurance, and other occupancy charges) under the lease obligations for store locations and warehouse facilities amount to \$1,936,000.

It is expected that annual rental revenue of \$657,000 will be received from stores that have been sub-let to dealers.

8. CONTINGENT LIABILITIES

Contingent Liabilities amount to \$51,000.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

	Year Ended		% Increase
	January 28, 1967 (53 Weeks)	January 22, 1966	
Sales	\$180,312,823	\$138,288,835	+ 30.39
Profit before depreciation, income taxes and minority interest (Note 5)	7,468,623	5,690,514	+ 31.25
Depreciation (Note 6)	1,504,536	1,011,423	+ 48.75
Profit before income taxes and minority interest ..	5,964,087	4,679,091	+ 27.46
Income taxes	2,897,684	2,471,777	+ 17.23
Net profit before minority interest	3,066,403	2,207,314	+ 38.92
Minority interest in profits of subsidiaries	64,336	48,663	+ 32.21
Net profit	\$ 3,002,067	\$ 2,158,651	+ 39.07
Net profit per combined Class "A" and Common Share	\$1.21	\$.89	+ 35.96
Shares outstanding (Note 4)	2,480,812	2,429,142	+ 2.13

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

	Year Ended	
	January 28, 1967 (53 Weeks)	January 22, 1966
RETAINED EARNINGS AT BEGINNING OF YEAR	\$ 6,234,588	\$ 4,502,188
Add: Net profit for year	3,002,067	2,158,651
	9,236,655	6,660,839
Less:		
Dividends Common Shares	37,138	45,424
Dividends Class "A" Shares	452,441	380,827
	489,579	426,251
RETAINED EARNINGS AT END OF YEAR	\$ 8,747,076	\$ 6,234,588

The accompanying notes are an integral part of the Consolidated Financial Statements.

Years of Progress

Profit	Net Profit Per Share*	Net Profit As A Percentage Of Sales	Cash Flow†	Cash Flow Per Share*†	Total Dividends	Dividends Per Share*	Profit Reinvested in Business
(Increase) 39.07%	\$1.21	1.66	\$4,441,660	\$1.79	\$489,579	20¢	\$2,512,488
36.87%	.89	1.56	3,153,327	1.30	426,251	18¢	1,732,400
32.82%	.67½	1.48	2,256,406	.97	289,049	12½¢	1,288,083
34.77%	.51½	1.34	1,766,724	.77	228,569	10¢	958,811
28.88%	.39	1.19	1,302,400	.58	168,090	7½¢	712,921
52.63%	.30½	1.16	941,502	.42	165,081	7½¢	518,346
36.58%	.21½	.89	673,990	.32	104,593	5¢	334,929
32.55%	.15½	.75	467,750	.22½	—	—	292,751

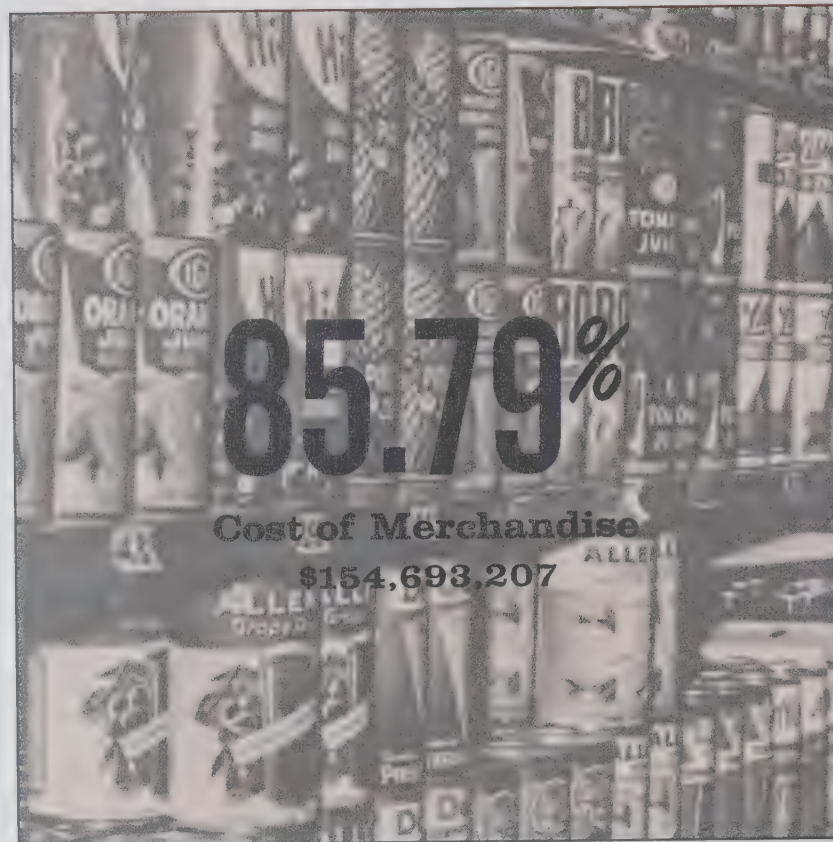
	Total Assets	Current Assets	Current Liabilities	Working Capital	Current Ratio	Payroll Costs	Number of Full-time Employees
7/8	\$38,891,361	\$21,083,607	\$13,141,558	\$7,942,049	1.60:1	\$12,050,951	2,085
	25,411,788	12,731,907	10,703,703	2,028,204	1.19:1	8,044,058	1,654
	16,281,382	9,833,048	7,485,952	2,347,096	1.31:1	5,265,488	1,001
½	12,574,707	7,548,587	5,496,533	2,052,054	1.37:1	4,239,427	722
7/8	10,636,181	6,141,978	5,058,488	1,083,490	1.20:1	3,346,813	620
	8,897,066	5,347,752	3,902,922	1,444,830	1.37:1	2,607,362	549
5/8	7,262,110	4,831,690	2,944,043	1,887,647	1.64:1	2,194,767	434
¾	6,058,501	4,327,125	2,289,850	2,037,275	1.89:1	1,837,837	400

The Oshawa Wholesale Limited and Subsidiary Companies
CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS

	<i>Year Ended</i>	
	<i>January 28, 1967 (53 Weeks)</i>	<i>January 22, 1966</i>
SOURCE OF FUNDS		
OPERATIONS		
Net profit for year	\$ 3,002,067	\$ 2,158,651
Charges not requiring cash outlays:		
Depreciation	1,504,536	1,011,423
Deferred income taxes	(64,943)	(16,747)
TOTAL FROM OPERATIONS	4,441,660	3,153,327
OTHER		
Issue of 5½ % Subordinated Convertible Sinking Fund Debentures	8,000,000	—
Issue of Class "A" Shares	575,544	1,590,500
Reduction in dealers' and other loans receivable	46,427	—
Notes and mortgages payable	—	2,032,380
Bank loans	—	375,755
Minority interest in subsidiaries	71,417	198,367
	\$13,135,048	\$ 7,350,329
USE OF FUNDS		
Purchase of land, buildings, equipment and leaseholds, less disposals	\$ 6,270,011	\$ 7,070,198
Dividends to shareholders	489,579	426,251
Investments	258,760	93,862
Federal refundable tax	150,065	—
Reduction in bank loans	36,917	—
Reduction in notes and mortgages payable	15,871	—
Loans to dealers and others	—	78,910
	\$ 7,221,203	\$ 7,669,221
INCREASE (DECREASE) IN WORKING CAPITAL	\$ 5,913,845	(\$ 318,892)
Working capital at end of year	\$ 7,942,049	\$ 2,028,204
Working capital at beginning of year	2,028,204	2,347,096
INCREASE (DECREASE) IN WORKING CAPITAL	\$ 5,913,845	(\$ 318,892)

DISTRIBUTION OF INCOME FOR THE YEAR ENDED JANUARY 28, 1967

SALES \$180,312,823



SALARIES, WAGES AND EMPLOYEES' BENEFITS \$12,050,951

6.68%

DIVIDENDS \$489,579

.27%

EXPENSES \$7,668,914

4.26%

INCOME TAXES \$2,897,684

1.61%

RE-INVESTED FOR DEVELOPMENT \$2,512,488

1.39%

The Oshawa Wholesale Limited and Subsidiary Companies

MANAGEMENT FOLIO



OSHAWA'S MANAGEMENT COMMITTEE From left—Sam Crystal, Director of Public Relations; Harvey S. Wolfe, Vice-President Real Estate and Corporate Development; E. Leonard Besler, C.A., Comptroller; Ray D. Wolfe, President; Murray C. Goldman, Treasurer; Harry L. Wolfson, Consultant; Jack B. Wolfe, President, The Ontario Produce Company Limited; Verdun T. Barber, Vice-President, Merchandising, Management Committee Chairman; G. Frank Perkin, Executive Assistant; Douglas F. Holland, Director, Sales Service; Leonard J. Wolfe, Executive Vice-President and Secretary; Robert Basist, Vice-President, Projects; Norman J. Pentecost, Vice-President, Personnel; Dr. John F. Brown, Executive Assistant; P. Alex Ramey, Vice-President, Retail Operations. (Absent from meeting: Paul Manovitz, Administrative Assistant, and James Finch, Director, Systems and Procedures.)

CORPORATE MANAGEMENT

Development of a management group with experience and ability is essential if Oshawa is to successfully pursue its expansion opportunities.

Through intensive training, prompt recognition of ability and promotions, and through recruitment of men and women of promise from the community at large, the Company continues to build a highly skilled team.

Oshawa considers the recording of achievements in management development no less important than issuing financial reports.

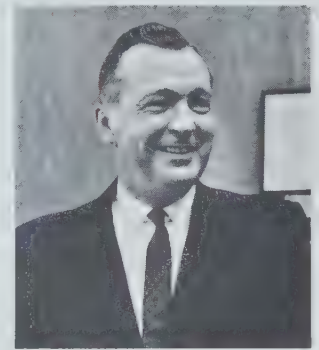
This folio is presented as an integral part of the Annual Report to illustrate the depth of Oshawa's management and the growth that has taken place in the year in review.



RAY D. WOLFE
President



MURRAY C. GOLDMAN
Treasurer



VERDUN T. BARBER
Vice-President, Merchandising



JACK B. WOLFE
President, The Ontario Produce Company Limited



PAUL MANOVITZ
Administrative Assistant



JAMES R. LANGS
President, Langs Foods Limited



MAURICE WOLFE
Vice-President



MAX WOLFE
Vice President



LEONARD J. WOLFE
Executive Vice-President and Secretary



P. ALEX RAMEY
Vice-President, Retail Operations



ROBERT BASIST
Vice-President, Projects



HARVEY S. WOLFE
Vice-President, Real Estate and
Corporate Development



NORMAN J. PENTECOST
Vice-President, Personnel



E. LEONARD BESLER, C.A.
Comptroller



G. FRANK PERKIN
Executive Assistant



DR. JOHN F. BROWN
Executive Assistant



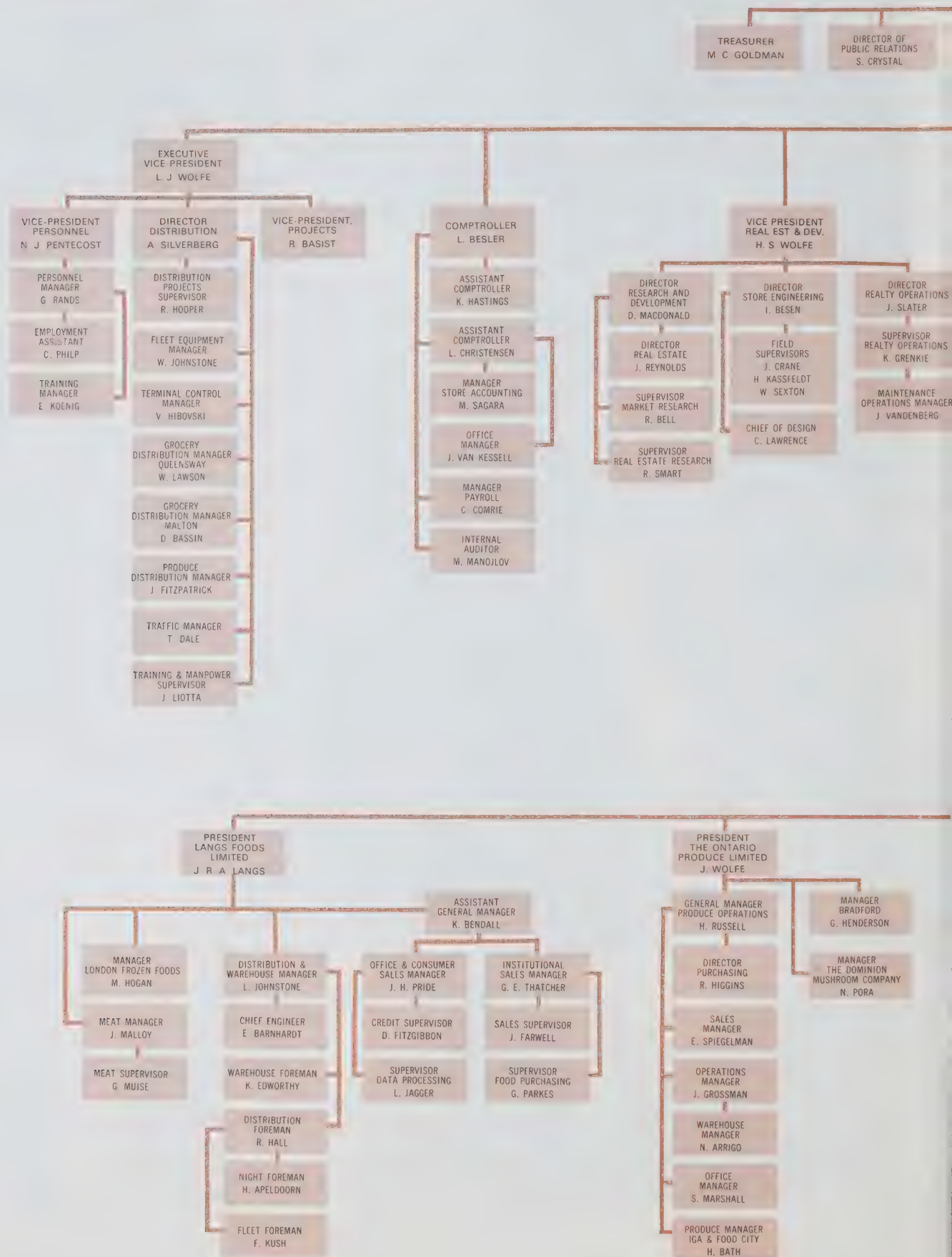
RONALD J. MELHADO
President,
Rite-Way Department Stores

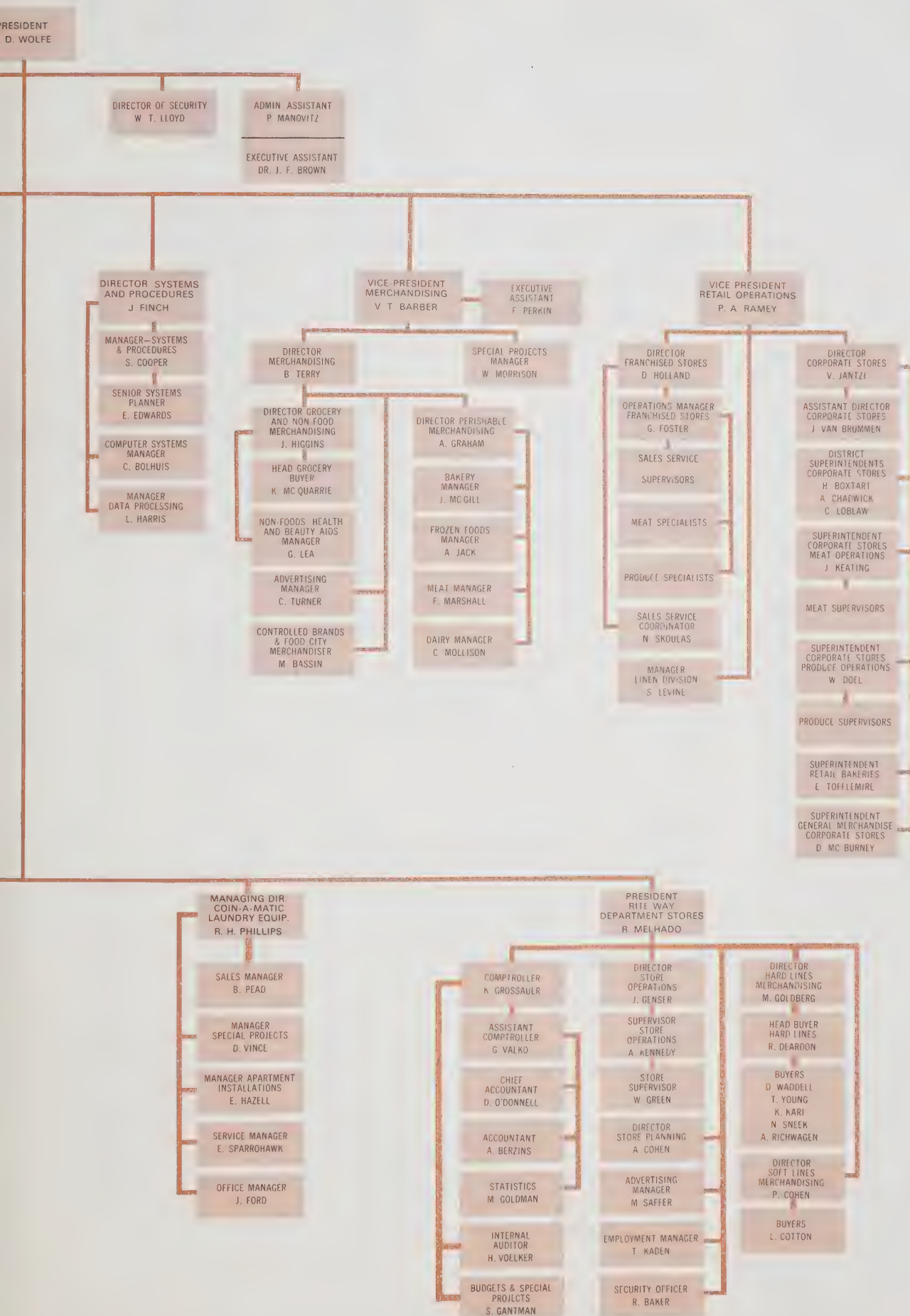


ROBIN H. PHILLIPS
Managing Director, Coin-A-Matic
Laundry Equipment Limited

THE OSHAWA WHOLESALE LIMITED

ORGANIZATION CHART





The additional growth and depth of Oshawa's management team is illustrated by the new appointments and promotions in 1966.



Donald W. Bassin
Manager—
Malton Distribution



W. Robert Bell
Supervisor of
Market Research



Irvin Besen
Director of Engineering



D. Glenn Burnett
Meat Specialist



Sam Crystal
Director of Public Relations



William Doel
Produce Superintendent
for Corporate Stores



Eva J. Edwards
Sr. Systems Analyst



James H. Finch
Director—
Systems & Procedures



William H. Gamble
Meat Specialist



Jack Genser
Director of Rite-Way
Store Operations



Keith O. Grenkie
Supervisor,
Realty Operations



Ronald F. Hooper
Supervisor Distribution
Projects



William T. Lloyd
Director of Security



Desmond Mabey
Produce Specialist



Donald J. MacDonald
Director of Research &
Development



Paul Manovitz
Administrative Assistant



Frederick H. Marshall
Manager,
Meat Merchandising



James McGill
Manager,
Bakery Merchandising



Gordon F. Rands
Personnel Manager



Allan G. Rose
Produce Specialist



Moti Sagara
Manager—
Retail Accounting



Adam L. Silverberg
Director,
Distribution



Joel K. Slater
Director of
Realty Operations



Russell Smart
Supervisor of Real Estate
Research



Earl H. Tofflemire
Superintendent,
Retail Bakeries



Frederick Young
Office Supervisor—
Real Estate & Development

APPOINTMENTS

IN 1966

OSHAWA



SUBSIDIARIES

**Coin-A-Matic Laundry Equipment
Limited**

**The Ontario Produce Company Limited
Dominion Mushroom Company Limited**

**Oshawa Trading Limited
The Oshawa Properties Limited**

**Langs Foods Limited
London Frozen Foods Limited**

**Rite-Way Department Stores Limited
Praise Investments Limited**



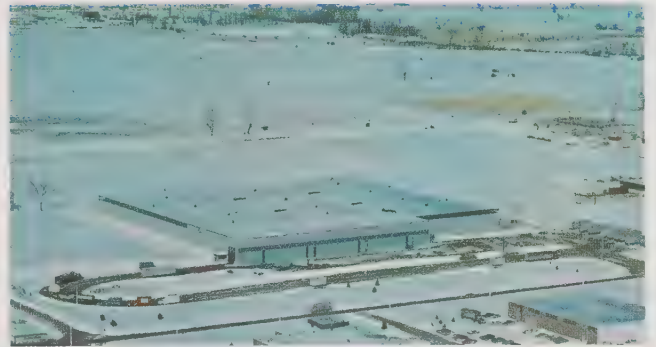
A Company Portrait



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- 1 Where Company growth began—Ontario Produce just after World War One.
- 2 Oshawa's head office and Queensway Perishables Distribution Centre.
- 3 The new 190,000-square-foot Malton Grocery Distribution Centre.
- 4 Langs Foods Limited headquarters at Hamilton.
- 5 London Frozen Foods Limited new plant at London, Ont.
- 6 Westside Mall, a Rite-Way Department Store-Food City shopping complex in Toronto.
- 7 Ontario Produce Company Limited shipping dock at the Ontario Food Terminal, Toronto.
- 8 Ontario Produce packaging plant in the Holland Marsh growing area.



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It Started With Apples

More than 50 years ago brothers Max and Maurice Wolfe shipped a few barrels of apples to Winnipeg and earned the then princely sum of \$50 for their trouble. Naturally such a transaction aroused their enthusiasm for further ventures in the produce business and out of it grew a company with a remarkable record of growth in wholesaling and retailing.

Max Wolfe started the Ontario Produce Company in 1911 with a young man's confidence and \$65. With \$55 he bought a horse and wagon. The rest he spent on fruit and vegetables to sell to Toronto stores. Progress was instantaneous. On his first day in business he traded his horse for another horse and buggy and then sold the buggy for \$15. By the end of the day he had a horse, a wagon, a load of produce and \$15 in profit. He hasn't looked back since.

Maurice Wolfe joined his brother in 1914 and a smooth-running partnership was established. While Max attended to sales, Maurice travelled the country buying produce. Ontario Produce was soon well established, operating as an importing, exporting, trading and consignment house, supplying produce to independent jobbers, wholesalers, retailers, hospitals, hotels, ships, railroads and other institutional customers.

By 1948, however, the corporate food chains which had become the backbone of the company's business, established their own produce supply. Moreover independent retailers who constituted the company's second largest source of business, were being decimated by the inroads of the corporate chains. Organization of independent merchants to compete with the chains and the creation of a solid wholesale-retail team offered the most practical avenue for survival for both the independents and the Ontario Produce Company.

The first step was the purchase of the Oshawa Wholesale Limited, a respected old-line Oshawa, Ontario firm, wholesaling groceries, tobacco, confectionaries and drugs, which when added to produce, provided a full line of products with which to service food markets. Then by convincing the Independent Grocers Alliance, of Chicago, Illinois, to extend franchise rights for south-central Ontario (the first IGA franchise in Canada) the Company acquired a program which could be offered to independent merchants, permitting them to buy, sell, advertise and merchandise collectively under a single banner and which effectively spelled out and defined both retail and wholesale responsibility.

The program required that in return for receiving merchandise and operating know-how and groceries at carload cost plus four percent delivered to their store, retailers would operate their markets according to prescribed standards, adhere to recommended selling prices, carry out all advertising commitments, buy all their product from or through Oshawa Wholesale, use a pre-printed order form and send in a pre-printed blank, signed cheque with their order.

In 1951, forty-nine of Oshawa's 750 accounts with a total retail volume of less than \$5,000,000 joined the group. By 1967, 16 years after that meagre beginning, Oshawa served more than 150 IGA franchise stores with a volume in excess of \$100,000,000, with 21 of the dealers operating from two to six units.

Since the first IGA sign was erected, Oshawa expanded its product line to include frozen food and health and beauty aids. It initiated and implemented centralized bakery and meat programs. It provided a wide range of services including personnel recruitment and training, accounting, engineering, real estate, public relations, budgeting, sale and acquisition of new units, insurance, estate planning etc., for its members. It is the only wholesale food distributor in North America to maintain an inventory of company operated retail units for the express purpose of helping its dealers expand and grow. Of the IGA dealer markets served by Oshawa, 59 were either built by the Company for dealers or came directly from Oshawa's pool of markets.

Concurrent with the development and growth of the IGA program, other significant events were taking place. In 1959 Oshawa absorbed its parent, Ontario Produce Company, and with the issue of Class "A" stock, secured the necessary financing to accelerate its growth.

In 1961 Oshawa participated in the introduction to this country of the discount retailing concept, a move which was to have a profound effect on marketing in Canada. Studies in the United States indicated that a substantial market existed for food, free of glamour, gimmicks and glint, and when the first Towers discount department store opened in Suburban Toronto, adjacent to it was Canada's first discount food market, Food City.

Superior value has always been the lifeblood of trade. When added to the combined pull of a discount department store and a discount food market, this proved an irresistible attraction to the consumer. Within five years 14 high volume Food City markets came into operation, five adjacent to Towers stores, six with Rite-Way Department Stores, one with G.E.M. and two which are free-standing. Several more were under construction.

To further strengthen its position in the retail discount field, in 1965 Oshawa purchased a controlling interest in Rite-Way Department Stores, which by early 1967 had grown to a six-store chain with three additional units under construction and others planned. The Company also has an investment in Towers which assures permanence of tenure in the adjacent Food City markets.

Additional expansion came in 1965 with the purchase of Langs Foods Limited which operates a public freezer storage in Hamilton and distributes frozen food in Hamilton and London, Ontario to the retail, institutional and consumer trade.

In the six years prior to 1967, the Company also acquired a mushroom farm in Pickering Township near Toronto which sells much of its total output through IGA and Company stores; built a produce packaging plant in Bradford to supply the needs of the Company's retail customers and produce jobbers as well as United Kingdom importers; established a growing laundry equipment business in England and formed a close association with a Florida manufacturer of frozen fruit concentrate to market juice concentrates through dispensers in hotels, restaurants, railway stations and airports in Ontario and the Caribbean Islands.

To keep pace with retail growth, there has been a steady expansion of the Company's distribution and service facilities. Starting with modest quarters in Oshawa the Company transferred operations in 1956 to a new 100,000 square-foot warehouse and service building at 125 The Queensway, Toronto. Company growth has steadily dictated expansion and by 1966 four warehouse additions had more than doubled Toronto facilities.

Despite this expansion, by 1966 additional space was required and accordingly a new 190,000 square-foot grocery distribution centre was built and opened near Toronto International Airport in Malton. Its warehousing and materials handling techniques are among the most advanced in North America.

Consistent use of the most advanced techniques have contributed significantly to the Company's development. Oshawa was one of the first food firms to recognize and utilize the many advantages of electronic computers. Today, one of the world's most sophisticated computers, the IBM System/360 with speeds measured in billionths of a second, not only furnishes precise operational data and information, but guides and facilitates future planning.

Thus Oshawa charts its opportunities for growth—aided by men and women with specialized training and skills, electronics and research methodology undreamed of when the Wolfe brothers shipped their first apples to Winnipeg.



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WHOLESALE SERVICES

The Oshawa Wholesale Limited supplies and services IGA Food Markets, unaffiliated grocers and institutional customers in Southern and Central Ontario from two highly automated food distribution centres in Toronto.

Largest volume of sales is to IGA Dealers who voluntarily adhere to a specific wholesale-retail supply, service and merchandising program. In return, Oshawa provides the IGA markets with all of their food and non-food requirements and a complete retail operating program including:

- trained field men to provide guidance on operations, merchandising and pricing;
- meat and produce specialists to train personnel in preparation, handling and display of perishables;
- a complete merchandising program for nationally advertised lines and IGA private label products;
- in-store and multi-media advertising;
- assistance in store site selection and remodeling of existing units;
- store engineering, layout and equipment counselling;



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- insurance programs;
- financial counselling and assistance;
- retail accounting services;
- personnel recruitment and training.

The IGA Dealer owns his own market. His incentive is in the profit of his own store. Because of his willingness to combine his skills and talents with those of his wholesale supplier, broad avenues of progress and advancement are opened to him. By early 1967, 21 of more than 120 franchised IGA Dealers were operating from two to six outlets with average annual sales of approximately \$666,000 per unit.

Through his affiliation with IGA, the independent retailer is able to meet any corporate chain competition. After decades of corporate chain growth and independent decline, in recent years the chain share of the food dollar has remained relatively constant while the affiliated independents have earned a steadily increasing proportion of retail food sales.

To Oshawa, which pioneered the voluntary group concept in Canada, IGA's increasing public acceptance in the nation's largest and most essential industry, continues to be a prime Company objective.



- 1 Merchandising Department executive staff meeting—where IGA and Food City marketing programs are developed.
- 2 Oshawa's freezer—twenty below zero the year-round.
- 3 Clamp and pallet stacking of groceries in Oshawa's Main Distribution Centre in which the most advanced materials handling methods are utilized.
- 4 Automatic extension conveyor carries fresh fruit and vegetables from the temperature-controlled Perishables Distribution Centre right into produce vans for shipment to food markets.
- 5 Sales Service staff—Dealer consultants in all facets of retail operations and the link between the Supply Depot and IGA markets.
- 6 The Data Processing Department—nerve centre of The Oshawa Wholesale Limited and its subsidiaries.
- 7 The Personnel Department—involved in development of retail and wholesale staff and the Company's management corps.
- 8 Store site selection and development are the responsibility of the Real Estate and Research Departments.
- 9 Construction engineering staff supervise construction, layout and equipment of all new units, both Oshawa and Dealer-owned.

RETAIL OPERATIONS

After more than 50 years as a wholesaler, Oshawa branched into food retailing largely for four reasons:

1. To learn and develop the skills and experience necessary to successfully guide IGA Dealers in maintaining their competitive position;
2. To intelligently field test merchandising plans and operating techniques prior to general implementation;
3. To train personnel in food retailing and in so doing, develop a cadre of future IGA dealers. (A number of current IGA Dealers were former store and Company personnel.)
4. To create and maintain an inventory of potential locations to ensure the continued growth of existing IGA Dealers.

In addition to the inventory of Company-owned IGA stores, Oshawa also operates a number of discount food markets in Ontario (Food City). This is a chain of food stores which combines low-cost operation with high quality demand merchandise.

Important cost savings which are passed on to the consumer are achieved through tray stacking of merchandise, night stocking and rigid control of inventories through electronically recorded sales data.

The first Food City market opened in Toronto's suburban Scarborough in 1961. Acceptance was immediate. In rapid succession, Food City markets were opened in Toronto, North York, Dixie, St. Catharines, Hamilton, London, Peterborough, Welland, Belleville and Chatham and more are planned or underway.

In 1966, Oshawa initiated a new departure in retailing—combining a Food City discount food market with numerous general merchandise departments—all in one unit and served by a single bank of checkouts—the ultimate refinement of the one-stop shopping concept. Oshawa continually seeks to pioneer and develop new and better methods of providing the consumer with the maximum in values and convenience.

- 1 Dupont Food City in Central Toronto re-introduced the "general store" concept—one stop for both food and general merchandise needs.
- 2 A recently opened Food City Market.
- 3 A Company-operated IGA Food Market.
- 4 Fruit and vegetables displayed with buy-appeal in a bright and spacious IGA Market.
- 5 This busy checkout scene is a common sight at Food City.
- 6 Care and courtesy are hallmarks of IGA and Food City service and the first requirement of all retail staff.
- 7 A growing number of in-store bakeries provide IGA and Food City Markets with fresh baked goods early and all day.



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OSHAWA'S DEPARTMENT STORE CHAIN

The first combination discount department store and discount food market in 1961 provided Canadians with a new dimension in marketing and gave Oshawa wide scope for retail expansion. The consumer response to this new concept in retailing was instantaneous and enthusiastic. Food City markets were soon in operation adjacent to a number of discount department stores, three of which were Rite-Way Department Stores in which Oshawa held a minority interest.

In 1965, the Company acquired a majority interest in Rite-Way and by early 1967, Rite-Way stores were flourishing in Toronto, Peterborough, Belleville, Welland and Brampton. Additional units were under construction in Stratford, Woodstock and Barrie and still others in various stages of planning and development.

Rite-Way is staffed by experienced department store personnel, is merchandising-oriented and offers a merchandise mix designed to serve the most important needs of most of the people.

Rite-Way stores are built only after painstaking research of local marketing conditions. With public need predetermined, acceptance has been largely assured.

The acceleration of Rite-Way and Food City expansion demonstrates the Company's confidence in the future of combination discount department store and discount food retailing.



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- 1 Festival Square, Rite-Way shopping complex in Stratford has a Shakespearian motif—in keeping with the city's image and atmosphere.
- 2 The Festival Square mall links Rite-Way Department Store and Food City Market.
- 3 Discount drugs, medicines and health and beauty aids are a major attraction for value-conscious Rite-Way customers.

- 4 Rite-Way jewelry departments are attractive and well-stocked with a wide variety of moderately priced merchandise.
- 5 A Rite-Way men's and boys' wear department offers a fine balance of fashion and value.
- 6 A section of a Rite-Way Department Store interior.

- 7 Rite-Way executive committee comprises a highly experienced, consumer-oriented management team.
- 8 Hardware and garden centres are highly popular departments in all Rite-Way units.

PRODUCE WHOLESALE

United Produce Company, Limited, is a public company, operating in the United Kingdom and Ireland, and is a member of the London Stock Exchange.

United Produce Company, Limited, is a public company, operating in the United Kingdom and Ireland, and is a member of the London Stock Exchange.

The company's principal activities are the importation, distribution and sale of fresh produce, including fruit and vegetables, and the importation and distribution of processed foodstuffs. The company's principal markets are the United Kingdom and Ireland, and it also exports produce to other countries.

United Produce Company, Limited, is a public company, operating in the United Kingdom and Ireland, and is a member of the London Stock Exchange.

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5. United Produce Company, Limited, is a public company, operating in the United Kingdom and Ireland, and is a member of the London Stock Exchange.





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FROZEN FOODS

Lange Foods Limited, Hamilton, and its subsidiary, London Frozen Foods Limited, London, Ont., supply institutional and home freezer customers with frozen foods, grocery and meat products. Lange also operates one of Ontario's principal commercial frozen food storages.

While Henshew's food distribution is retail-oriented, Lange Foods

Limited is primarily institutional-oriented, supplying hotels, restaurants, hospitals, schools, caterers and other users of portion controlled and prepared foods. Additionally, through its frozen food storage and distribution facilities, Lange also serves many Ontario food processors.

Lange's two Hamilton plants contain two million cubic feet of

commercial frozen storage space, 250,000 cubic feet of food distribution freezer facilities, and 125,000 cubic feet of grocery warehouse. A London plant under construction in 1967 will contain an additional 300,000 cubic feet of commercial frozen storage space, a 100,000-cubic-foot food distribution freezer and a 175,000-cubic-foot dry grocery warehouse.

11 Shelf is set to specifications of Lange institutional customer.

12 A skilled meat cutting man at work.

13 A section of Lange's commercial frozen storage warehouse at Hamilton.

14 Henshew's looks on as Lange sends their home freezer.

15 Lange makes a delivery to an institutional customer.



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A client-owned coin laundry in a London, England suburb, equipped by Coin-A-Matic with latest Speed Queen washers.

Laundry Equipment

Coin-A-Matic Laundry Equipment Limited is a British subsidiary of Oshawa. It supplies apartment buildings, hostels and student residences with coin operated laundry equipment, and designs, equips and services coin operated laundries and dry cleaning shops throughout the United Kingdom and Ireland. Coin-A-Matic is U.K. distributor for the Speed Queen division of McGraw Edison Corp., Ripon, Wisc., and also represents Schulthess and Co., of Zurich, Switz.



Coin-A-Matic dispatcher talks to a staff engineer in one of the Company's fleet of radio-controlled service vans.



Interior of a radio-controlled service van.



Caribbean vacationers enjoy top quality juices since Oshawa Trading introduced its frozen concentrates program.

Juice Concentrates

Oshawa Trading Limited is an Oshawa subsidiary which sells frozen juice concentrate programs and leases juice dispensers to hotels, juice bars and institutional customers in the Caribbean and Atlantic Islands. The Company has exclusive rights to the Honeywell Excel Dual Dispensers. Since 1962, the Company's juice program has been sold to more than 100 Island outlets.



A waiter draws juice from a Company-leased juice dispenser.



The San Jeronimo Hilton in Puerto Rico, one of many outlets for Oshawa's frozen juice concentrates program.

AR30

28 Weeks Ended
August 12,
1967

To The

Shareholders:

SALES INCREASE 26.77%

Consolidated sales in the 28 weeks ended August 12, 1967 were a record \$117,054,245, compared with \$92,333,609 last year, a 26.77% increase. Sales volume for the full fiscal year should exceed \$240,000,000, compared with \$180,312,823 last year.

PROFIT INCREASE 36.61%

Consolidated net profit rose to \$1,865,972, a gain of 36.61% over \$1,365,934 last year. Profit per share was up 23.54% to 69.01 cents on 2,703,870 outstanding shares compared with 55.86 cents on 2,445,212 shares last year. This includes all shares issued in the acquisition of Allied Towers Merchants Limited and Rite-Way Department Stores Limited. It should be noted that department store operations produce their most significant results in the second half of the year.

TOWERS, RITE-WAY COMBINED

In August the Company purchased the 25 per cent interest in Rite-Way Department Stores Limited held by a group of Boston investors. This gave Oshawa 100 per cent ownership of the eight-store chain and paved the way for its integration with the 13-store Towers discount store chain, acquired by the Company in May. Integration of the two chains should result in important savings through cost sharing and the elimination of duplicated administrative functions.

EXPANSION CONTINUES

Two department stores, two Food City markets and four new IGA units were opened since the beginning of the fiscal year. One IGA unit was expanded, two remodelled and six small outlets closed. By year end another department store, Food City market and three IGA units will be opened.

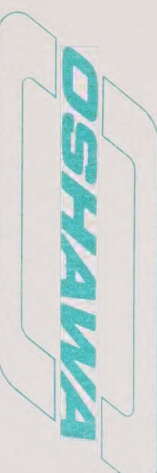
STOCK SPLIT PLANNED

On August 31, the Board of Directors recommended a split of two for one of all Class "A" and Common shares, subject to shareholders' approval and the issuance of supplementary letters patent. If approved, this will be the third two for one split since 1964.

For the convenience of shareholders in Western Canada additional transfer facilities have been established with the Canada Trust Company in Calgary. Growth in the first half indicates that 1967 will be a year of substantial progress and Oshawa looks to the future with continued optimism.

September 11, 1967

R.D. Wolfe,
President.



THE OSHAWA WHOLESALE LIMITED
125 The Queensway, Toronto 18, Canada

SUBSIDIARIES

- Coin-A-Matic Laundry Equipment Limited
- The Ontario Produce Company Limited
- Dominion Mushroom Company Limited
- Oshawa Trading Limited
- The Oshawa Properties Limited
- Langs Foods Limited
- London Frozen Foods Limited
- Allied Towers Merchants Limited
- Rite-Way Department Stores Limited
- Praise Investments Limited

Listed on — Toronto Stock Exchange
Montreal Stock Exchange

Registrar and Transfer Agent —
Canada Trust Company,
Toronto, Montreal and Calgary

Handwritten signature

Report
to the
shareholders
of...



THE OSHAWA WHOLESALE LIMITED
125 The Queensway, Toronto 18, Canada

THE OSHAWA WHOLESALE LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR 28 WEEKS ENDED AUGUST 12, 1967

	Sales	Net Profit	Net Profit Per Share	Shares Outstanding
Increase 1967 Over 1966	26.77%	36.61%	23.54%	10.58%
1st 28 Weeks 1967	\$117,054,245	\$1,865,972	69.01¢	2,703,870
1st 28 Weeks 1966	92,333,609	1,365,934	55.86	2,445,212
1st 28 Weeks 1965	70,656,136	1,006,360	43.04	2,338,392
1st 28 Weeks 1964	54,718,234	739,480	32.11	2,302,792
1st 28 Weeks 1963	46,141,957	563,673	24.9	2,268,592
1st 28 Weeks 1962	38,788,076	420,945	18.9	2,234,392
1st 28 Weeks 1961	30,776,176	286,218	13.2	2,176,852
1st 28 Weeks 1960	25,826,938	217,153	10.4	2,091,852
1st 28 Weeks 1959	23,614,750	210,448	10.4	2,002,752

NINE YEAR COMPARISON

	August 12 1967	August 6 1966	% Increase
Sales	\$117,054,245	\$92,333,609	+ 26.77
Net profit before income taxes	3,612,196	2,845,695	+ 26.94
Income taxes	1,746,224	1,479,761	+ 18.01
Net profit	\$ 1,865,972	\$ 1,365,934	+ 36.61
Net profit per combined Class "A" and Common Share	69.01¢	55.86¢	+ 23.54
Shares outstanding	2,703,870	2,445,212	+ 10.58

CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS

	August 12 1967	August 6 1966
SOURCE OF FUNDS		
Operations		
Net profit for period	\$ 1,865,972	\$1,365,934
Depreciation		832,525
Total from operations	1,093,098	2,198,459
Other		
Issue of Class "A" Shares		280,645
Reduction in dealers' and other loans receivable		133,613
Loans, notes and mortgages payable		661,183
Minority interest in subsidiaries		16,366
	\$13,270,299	\$3,290,266

USE OF FUNDS		
Purchase of land, buildings, equipment and leaseholds, less disposals	\$ 5,040,502	\$2,096,801
Dividends to shareholders	335,740	243,717
Investments		312,848
Federal refundable tax		75,597
Reduction in bank loans	54,266	30,600
Decrease in minority interest in subsidiaries	203,338	—
Deferred equipment and store rentals	71,347	—
Increase in excess of carrying value of shares in subsidiaries over net book value of assets acquired	1,563,000	—
	1,117,318	\$2,446,715

INCREASE IN WORKING CAPITAL	\$ 4,571,940	\$ 843,551
Working capital at end of period	\$12,513,989	\$2,871,755
Working capital at beginning of period	7,942,049	2,028,204
INCREASE IN WORKING CAPITAL	\$ 4,571,940	\$ 843,551